

Annual Financial Statements

for

Mthonjaneni Municipality

for the year ended 30 June: **2013**

Province:

KwaZulu Natal

AFS rounding:

R (i.e. only cents)

Contact Information:

Name of Municipal Manager:

Mr R. P. Mnguni

Name of Chief Financial Officer:

Ms T. N. Simamane

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Ntombifuthi Makaye

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Mthonjaneni Municipality
ANNUAL FINANCIAL STATEMENTS
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General information

Members of the Council

Cllr M. N. Ndlangamandla
Cllr N. A. Jiyane
Cllr G. V. P. Gumede
Cllr M. N. Biyela
Cllr E. Masikane
Cllr H. K. L. Zungu
Cllr M. Khuzwayo
Cllr P. E. Ntombela
Cllr M. S. Zulu
Cllr S. B. K. Biyela
Cllr N. E. Mgenge

Mayor
Speaker
Deputy Mayor
Member of the Executive Committee
Member of MPAC
Member
Member
Member
Member
Member
Member

Municipal Manager

Mr R. P. Mnguni

Chief Financial Officer

Ms T. N. Simamane

Grading of Local Authority

Grade 1

Demarcation code

KZ 285

Lawyers

Wynne & Wynne

Chief whip

Cllr N. E. Mgenge

Auditors

Auditor-General

Bankers

First National Bank

Mthonjaneni Municipality
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General information (continued)

Registered Office: Mthonjaneni Municipality

Physical address:
21 Reinhold Street
Melmoth
3835

Postal address:

P. O. Box 11
Melmoth
3835

Telephone number: (035) 450 2082

Fax number: (035) 450 2056


E-mail address: MM@MTHONJANENI.ORG.ZA

Mthonjaneni Municipality
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Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages 5 to 42, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 26 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



R P Mnguni
Municipal Manager:

DATE 20/11/2013

Mthonjaneni Municipality
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Mthonjaneni Municipality
STATEMENT OF FINANCIAL POSITION
as at 30 June 2013

	Note	2013 R	2012 R
ASSETS			
Current assets		75 287 271	67 544 766
Cash and cash equivalents	2	721	16 062 924
Trade and other receivables from exchange transactions	3	2 525 592	1 572 295
Other receivables from non-exchange transactions	5	5 312 552	4 331 577
Inventories	6	408 407	251 806
Investments	7	67 040 000	45 040 000
Non-current assets held for sale	12	-	286 164
Non-current assets		124 967 264	97 109 972
Property, plant and equipment	8	122 435 842	94 493 247
Intangible assets	9	40 753	67 934
Investment property	10	2 490 079	2 548 202
Heritage Assets	11	589	589
Total assets		200 253 946	164 654 738
LIABILITIES			
Current liabilities		18 463 942	18 588 471
Trade and other payables from exchange transactions	13	2 498 181	2 553 834
Consumer deposits	14	1 002 240	799 220
Current provisions	16	379 446	385 799
Current portion of unspent conditional grants and receipts	17	13 526 452	14 849 618
Bank Overdraft		1 057 624	
Non-current liabilities		5 761 040	3 500 782
Non-current provisions	18	3 449 040	931 920
Defined benefit plan obligations	38	2 312 000	2 496 426
Non-current liabilities held for sale		-	72 436
Total liabilities		24 224 982	22 089 253
Net assets		176 028 963	142 565 485
NET ASSETS			
Accumulated surplus / (deficit)		176 028 963	142 565 485
Total net assets		176 028 963	142 565 485

Mthonjaneni Municipality
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 30 June 2013

	Note	2013 R	2012 R
Revenue			
Property rates	19	7 085 283	6 105 979
Property rates - penalties imposed and collection charges	19	336 508	544 680
Service charges	20	17 774 835	14 412 831
Rental of facilities and equipment	21	498 156	457 265
Interest earned - external investments	22	3 409 693	2 762 931
Fines		2 461 971	1 581 532
Licences and permits		2 795 475	2 773 694
Government grants and subsidies	23	63 360 549	49 698 413
Provision for Bad Debt		-	1 530 293
Other income	24	427 866	1 056 986
Total revenue		98 150 335	80 924 604
Expenses			
Employee related costs	25	15 107 723	13 945 426
Remuneration of councillors	26	2 666 396	2 550 819
Allowance for impairment		82 851	-
Collection costs		58 970	50 899
Depreciation and amortisation expense	8;9 & 10	3 198 958	2 553 362
Repairs and maintenance		2 191 992	1 741 464
Bulk purchases	28	14 295 429	11 944 444
Contracted services	29	3 204 341	765 694
General expenses	30	20 267 001	11 245 896
Adjustments to leave pay provisions		19 056	124 530
Adjustments to landfill site rehabilitation provisions		2 517 120	931 920
Total expenses		63 609 837	45 854 454
Gain / (loss) on sale of assets	31	(257)	-
(Deficit)/Surplus from discontinued operations	39	13 318	(73 150)
Surplus / (deficit) for the period		34 540 498	34 997 000

Mthonjaneni Municipality
STATEMENT OF CHANGES IN NET ASSETS
as at 30 June 2013

	Note	R	
		Accumulated Surplus/(Deficit)	Total: Net Assets
Balance at 30 June 2011			
Restated balance		107 568 485	107 568 485
Surplus / (deficit) for the period		107 568 485	107 568 485
Balance at 30 June 2012		34 997 000	34 997 000
Correction of prior period error		142 565 485	142 565 485
Restated balance	44	(1 077 020)	(1 077 020)
Surplus / (deficit) on revaluation of property of property, plant and equipment		141 488 465	141 488 465
<i>Other items</i>		-	-
<i>Other items</i>		-	-
Net gains and losses not recognised in the statement of financial performance		-	-
Transfers to / from accumulated surplus/(deficit)		-	-
Surplus / (deficit) for the period		34 540 498	34 540 498
Balance at 30 June 2013		176 028 963	176 028 963

Mthonjaneni Municipality

CASH FLOW STATEMENT

as at 30 June 2013

	Note	2013 R	2012 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		98 150 591	80 642 596
Sales of goods and services		27 992 101	28 181 252
Grants		63 360 549	49 698 413
Interest received		3 409 693	2 762 931
Other receipts		3 388 248	-
Payments		63 107 958	31 680 199
Employee costs		17 774 119	16 496 245
Suppliers		37 766 771	15 183 954
Other payments		7 567 068	-
Net cash flows from operating activities	32	35 042 632	48 962 397
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of fixed assets (PPE)	8	(29 283 943)	(25 071 482)
Proceeds from sale of fixed assets		-	2 192 982
Purchase of intangibles		(23 912)	-
Net cash flows from investing activities		(29 307 855)	(22 878 500)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(Decrease) in consumer deposits		203 020	308 879
Net cash flows from financing activities		203 020	308 879
Net increase / (decrease) in net cash and cash equivalents		5 937 797	26 392 776
Net cash and cash equivalents at beginning of period		61 102 924	34 710 148
Net cash and cash equivalents at end of period	33	67 040 721	61 102 924

Athens, Georgia Municipality

	2017	2018
RECONCILIATION IN THE NOTES TO THE FINANCIAL STATEMENTS:		
Reconciliation of Budget Surplus/Deficit With The Statement Of Financial Performance	297	651
- Additional For:		
Financial Performance		
Additional Profit For The Statement Of Financial Performance		
- Value Adjustments		
- Financials Recognised/Rovered		
- Financials Not Recognised/Rovered		
- Increase/Decrease In Provisions		
- Increase/Decrease In Provisions		
- Let other relevant adjustments here		
Net Surplus/Deficit Per Approved Budget	19,261,872	

Mthonjaneni Municipality
ACCOUNTING POLICIES
for the year ending 30 June 2013

1 BASIS OF ACCOUNTING

1.1 BASIS OF PRESENTATION

These annual financial statements have been prepared in accordance with Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

The principal accounting policies adopted in the preparation of these annual financial statements are set out below.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

Budget information in accordance with GRAP 24, has been provided to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 TAXATION

Normal Tax Expense:

No provision has been made for taxation as the municipality is exempt from taxation in terms of section 10 (1)(a) of the Income Tax Act.

Value Added Tax (VAT):

The municipality accounts for VAT on accrual basis, based on the approval received from the Commissioner for South African Revenue Services to an application by the Municipality, permission has been given to remit or claim for value - added tax on the payments basis for debtors and creditors.

STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET

1.6 EFFECTIVE

The following GRAP standards are effective and have been adopted by the municipality:

GRAP 21 Impairment of non-cash generating assets primarily held for service delivery. The recoverable service amount is the higher of future value less costs to sell and value in use.

GRAP 23 Revenue from Non-Exchange Transactions (Taxes and Transfers). Recognised as revenue to extent that conditions have been met and Recognise liability to extent that conditions have not been met.

GRAP 24 Presentation of Budget Information in Financial Statements: Regulated by National Treasury to present comparison between budget and actual amounts on comparable basis, between the last approved budget and final budget including explanation of material variances in the notes.

Mthonjaneni Municipality
ACCOUNTING POLICIES
for the year ending 30 June 2013

GRAP 26 Impairment of cash generating assets held with the primarily objective of generating a commercial return. The recoverable amount is the higher of future value less cost to sell and value in use
GRAP 103 Heritage Assets - These are assets that are held for indefinite period for the benefit of present and future generations. Initial recognition is at cost, unless acquired through a non-exchange transaction, then it is recognised at fair value.

GRAP 104 Financial Assets are cash, residual interest in another entity and a contractual right to receive cash or another financial asset or exchange financial assets or liabilities under potentially favourable conditions.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 20
GRAP 105
GRAP 106
GRAP 107

1.7 EVENTS AFTER REPORTING DATE

Events after reporting date that are classified as adjusting events are accounted for in the annual financial statements. The events after the reporting date that are classified as non-adjusting events have been disclosed in the notes to the annual financial statements.

1.8 COMMITMENTS

Items are classified as commitments where the municipality commits itself to future transactions that will result in the future outflow of resources.

1.9 BUDGET INFORMATION

Budget information in accordance with GRAP 24, has been provided to these financial statements and forms part of the audited annual financial statements.

2 2 PROPERTY, PLANT AND EQUIPMENT

2.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

2.3 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

2.4 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure		Other	
Dwellings	30	Furniture and office equipment	5--10
Electricity infrastructure	20-30	Machinery and equipment	4--15
Roads	10--50	Transport assets	7--10
Waste disposal	50	Water assets	15-20
Non residential buildings	30	Computer equipment	5
		Biological assets	15-30
		Cemeteries	30

Mthonjaneni Municipality
ACCOUNTING POLICIES
for the year ending 30 June 2013

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

2.5 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

3 INTANGIBLE ASSETS

3.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

3.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

3.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

Computer software	10 years
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The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

3.4 DERECOGNITION

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Mthonjaneni Municipality
ACCOUNTING POLICIES
for the year ending 30 June 2013

4 INVESTMENT PROPERTY

4.1 INITIAL RECOGNITION

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

4.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Under the cost model, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

5 BIOLOGICAL ASSETS

5.1 INITIAL RECOGNITION

A biological asset or agricultural produce is recognised when, and only when:

- the municipality controls the asset as a result of past events;
- it is probable that future economic benefits associated with the asset will flow to the municipality;
- and the fair value or cost of the asset can be measured reliably.

5.2 SUBSEQUENT MEASUREMENT

Biological assets are measured at their fair value less estimated point-of-sale costs.

The fair value of the pine plantations is based on the combined fair value of the land and the pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the pine trees.

A gain or loss arising on initial recognition of agricultural produce at fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

6 NON-CURRENT ASSETS HELD FOR SALE

6.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

6.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

7 INVENTORIES

7.1 INITIAL RECOGNITION

Inventories comprised of consumable stores, raw materials and finished goods. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Mthonjaneni Municipality
ACCOUNTING POLICIES
for the year ending 30 June 2013

7.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

8 FINANCIAL INSTRUMENTS

8.1 INITIAL RECOGNITION

Financial instruments are initially recognised at fair value.

8.2 SUBSEQUENT MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

8.2.1 INVESTMENTS

Investments, which include fixed deposits and short-term deposits invested in registered commercial banks, are measured at the lower of cost or fair value. No impairments are required as the cost value equate to their cash values.

8.2.2 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

Bad debts are written off during the year in which they are identified.

8.2.3 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is calculated by taking into account any discounts or premiums on settlement. Gains and losses are recognised in net income or loss when liabilities are impaired as well as through the amortised process. Trade payables are stated at the amount due to trade and other creditors for goods or other services received. The liabilities are generally settled within a period of 30 days accordingly impairments, if any are considered to be immaterial.

8.2.4 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of twelve months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

9 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No.56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Mthonjaneni Municipality
ACCOUNTING POLICIES
for the year ending 30 June 2013

10 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

11 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

12 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

13 LEASES

Payments made under lease agreements are expensed and charged to the statement of Financial Performance on a straight line basis over a period of a lease. These agreements do not transfer risk and rewards associated with ownership of an asset to the Municipality.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

14 REVENUE

14.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made periodically when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. The estimates of consumption between meter readings are based on three months average.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant approved tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Mthonjaneni Municipality
ACCOUNTING POLICIES
for the year ending 30 June 2013

14.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

14.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

15 RETIREMENT BENEFITS

The municipality contributes in various pension schemes. These schemes are funded through trustee administered funds. The municipality has both defined and defined contribution plans. A defined contribution plan is a pension plan under which municipality pays fixed contributions into a separate entity, the municipality has no legal or constructive obligations to pay further contributions. Contributions are recognised as an expense in the Statement of Financial Performance in the year which they become payable.

The fund is actuarially valued each year using the discounted cash flow method. Any deficits identified by the actuary are recovered from the municipality in the form of surcharges added to the contributions which are recognised as an expense in the Statement of Financial Performance in the year that they become payable.

16 IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

irrespective of whether there is any indication of impairment, the municipality also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable service amount is estimated for the individual asset. If it is not possible to estimate the recoverable service amount of the individual asset, the recoverable service amount of the cash-generating unit to which the asset belongs is determined.

The recoverable service amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable service amount of the unit is less than the carrying amount of the unit. The impairment loss is allocated to reduce the carrying amount of the assets of the unit as follows:

- to the assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable service amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R	2012 R
2 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents consist of the following:			
Cash on hand		721	721
Cash at bank		4 123 580	16 062 203
		<u>4 124 301</u>	<u>16 062 924</u>
The Municipality has the following bank accounts: -			
<u>Current Account (Primary Bank Account)</u>			
First National Bank-Melmoth Branch:Account Number: 54980006117			
Cash book balance at beginning of year		16 062 203	4 669 427
Cash book balance at end of year		<u>(1 057 604)</u>	<u>16 062 203</u>
Bank statement balance at beginning of year		16 198 592	5 227 887
Bank statement balance at end of year		<u>4 123 580</u>	<u>16 198 592</u>
<u>Current Account (Other Account)</u>			
First National Bank-Melmoth Branch:Account Number: 62330092470			
Cash book balance at beginning of year		-	-
Cash book balance at end of year		<u>-</u>	<u>-</u>
Bank statement balance at beginning of year		7 230	
Bank statement balance at end of year		<u>3 000</u>	<u>7 230</u>
Cash on hand		721	721
Total cash and cash equivalents		<u>4 127 301</u>	<u>16 062 924</u>
Total bank overdraft		<u>(1 057 624)</u>	<u>-</u>

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 Provision for Doubtful Debts	2012
	Gross Balances R	R	Net Balance R
3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS			
<u>Trade receivables</u>			
as at 30 June 2013			
Service debtors			
Electricity	2 197 009	72 675	2 124 334
Refuse	452 412	51 156	401 257
Total	2 649 421	123 829	2 525 592
Total Trade and other receivables	2 649 421	123 829	2 525 592
as at 30 June 2012			
Service debtors			
Electricity	1 757 609	299 210	1 458 399
Refuse	287 335	173 439	113 896
Total	2 044 944	472 649	1 572 295
Total Trade and other receivables	2 044 944	472 649	1 572 295
<u>Refuse: Ageing</u>			
Current (0 – 30 days)		98 387	102 181
31 - 60 Days		98 482	11 716
61 - 90 Days		33 041	7 953
91 - 120 Days		31 477	7 044
121 - 365 Days		191 025	158 442
Total		452 412	287 335
<u>Electricity: Ageing</u>			
Current (0 – 30 days)		1 188 913	1 450 453
31 - 60 Days		636 544	7 946
61 - 90 Days		41 090	7 033
91 - 120 Days		16 463	6 642
121 - 365 Days		312 652	285 535
Total		2 195 662	1 757 609
<u>Summary of Debtors by Customer Classification</u>			
	Consumers R	Industrial / Commercial R	National and Provincial Government R
as at 30 June 2013			
Current (0 – 30 days)	1 623 508	180 001	65 296
31 - 60 Days	883 449	12 785	77 395
61 - 90 Days	153 616	35 497	15 275
91 - 120 Days	120 019	17 300	67 610
121 - 365 Days	1 402 766	557 335	108 186
+ 365 Days			
Sub-total	4 183 359	802 918	333 764
Less: Provision for doubtful debts	(761 078)		
Total debtors by customer classification	3 422 281	802 918	333 764
as at 30 June 2012			
Current (0 – 30 days)			
31 - 60 Days	310 861	309 064	309 181
61 - 90 Days	392 323	350 036	318 163
91 - 120 Days	387 929	350 671	317 063
121 - 365 Days	366 339	344 320	317 055
+ 365 Days	898 918	472 798	459 151
Sub-total	2 356 370	1 826 889	1 720 613
Less: Provision for doubtful debts	(678 227)		
Total debtors by customer classification	1 678 143	1 826 889	1 720 613

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2013 R	2012 R
4 Reconciliation of the doubtful debt provision		
Balance at beginning of the year	678 227	2 208 520
Contributions to provision	82 851	(1 530 293)
Doubtful debts written off against provision	-	-
Reversal of provision	-	-
Balance at end of year	761 078	678 227

5 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Insurance claims	346 316	-
Rates and other taxes	2 021 180	2 096 687
Subsidies- Clinic and other	-	231 639
Accrued interest	-	563 563
Value added tax	2 945 056	1 488 934
Prepayments (if not material)	-	182 393
Total Other Debtors	5 312 552	4 563 216
Less: Transfer to Non Current Assets held for sale		-231 639
Total Other Debtors	5 312 552	4 331 577

Rates: Ageing

Current (0- 30 days)	2 949.49	3 890.00
31 - 60 Days	175 304.86	2 490.00
61 - 90 Days	124 559.35	122 670.00
91 - 120 Days	163 240.08	114 927.00
+ 180 Days	2 192 374.79	2 240 681.00
Total	2 658 428	2 484 658

6 INVENTORIES

Opening balance of inventories:

Consumable stores	251 806	389 144
Maintenance materials	79 513	154 112
Additions:	1 495 697	235 032
Consumable stores	1 115 287	-
Maintenance materials	380 409	-
Issued (expensed):	1 339 096	137 339
Consumable stores	1 025 843	74 599
Maintenance materials	313 253	62 740

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R	2012 R
Closing balance of inventories:		408 407	251 805
Consumable stores		168 957	79 513
Maintenance materials		239 449	172 292

7 INVESTMENTS

Deposits	66 540 000	44 540 000
Call investments	500 000	500 000
	67 040 000	45 040 000
Investec	56 000 000.00	9 000 000.00
FNB	2 040 000.00	2 040 000.00
ABSA	9 000 000.00	9 000 000.00
Nedbank	-	25 000 000.00
	67 040 000.00	45 040 000.00

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

8 PROPERTY, PLANT AND EQUIPMENT

8.1 Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Biological	Other Assets	Assets under Construction	Total
	R	R	R	R	R	R	R
as at 1 July 2012	2,562,011	19,970,262	22,189,608	5,136,310	3,970,248	39,652,082	93,480,520
Cost/Revaluation	2,339,215	25,913,502	27,154,061	5,136,310	11,148,830	39,652,082	111,344,001
Correction of error	222,796	(78,255)	(808,647)		(4,486,229)		(5,150,335)
Correction of error - depreciation	-	37,293	227,034		3,873,281		4,137,608
Accumulated depreciation and impairment losses	-	(5,902,278)	(4,382,840)		(6,565,635)	-	(16,850,754)
Acquisitions	-	1,373,736	242,190		2,612,611	-	4,228,538
Capital under Construction	-					28,268,608	28,268,608
Depreciation	-	(887,864)	(634,865)		(1,614,341)		(3,137,070)
Transfers	-				(404,499)		(404,499)
Disposals	-				257		257
Carrying value of disposals	-				3,947		3,947
Cost/Revaluation	-	-	-		(3,691)	-	(3,691)
Accumulated depreciation and impairment losses	-	-	-			-	
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Other movements*	-	-	-	-	-	-	-
as at 30 June 2013	2,562,011	20,456,134	21,796,933	5,136,310	4,563,762	67,920,690	122,435,842
Cost/Revaluation	2,562,011	27,208,984	26,587,604	5,136,310	8,858,284	67,920,690	138,273,884
Accumulated depreciation and impairment losses	-	(6,752,849)	(4,790,671)		(4,294,521)		(15,838,042)

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

Reconciliation of Carrying Value	Land		Buildings		Infrastructure		Biological		Other Assets		Assets under Construction		Total	
	R		R		R		R		R		R		R	
as at 1 July 2011	3 574 272		17 516 379		16 810 890		5 136 310		3 511 003		26 754 530		73 303 384	
Cost/Revaluation	3 574 272		22 555 320		20 827 443		5 136 310		8 915 095		26 754 530		87 762 970	
Accumulated depreciation and impairment losses	-		(5 038 941)		(4 016 553)		-		(5 404 092)		-		(14 459 586)	
Acquisitions	64 943		-		553 866		-		1 316 309		23 111 782		25 046 900	
Capital under Construction	-		3 358 182		6 802 734		-		53 314		(10 214 230)		-	
Depreciation	-		(863 337)		(735 357)		-		(906 220)		-		(2 504 914)	
Carrying value of disposals	(1 300 000)		-		-		-		(52 123)		-		(1 352 123)	
Cost/Revaluation	(1 300 000)		-		-		-		(165 869)		-		(1 465 869)	
Accumulated depreciation and impairment losses	-		-		-		-		113 746		-		113 746	
Impairment loss/Reversal of impairment loss	-		-		-		-		-		-		-	
Transfer to non current assets held for sale	-		-		-		-		(52 123)		-		(52 123)	
Cost	-		-		-		-		(165 869)		-		(165 869)	
Accumulated depreciation	-		-		-		-		113 746		-		113 746	
as at 30 June 2012	2 339 215		19 229 820		23 630 422		4 773 675		4 868 033		39 652 082		94 493 247	
Cost/Revaluation	2 339 215		25 044 042		28 107 753		5 136 310		11 064 599		39 652 082		111 344 001	
Accumulated depreciation and impairment losses	-		(5 814 222)		(4 477 331)		(362 635)		(6 196 566)		-		(16 850 754)	

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note 2013
R

9 INTANGIBLE ASSETS

9.1 Reconciliation of carrying value

	Computer Software R	Total R
as at 1 July 2012	67 934	67 934
Cost	78 056	78 056
Accumulated amortisation and impairment losses	(10 122)	(10 122)
Acquisitions	23 912	23 912
Amortisation	(21 058)	(21 058)
	(30 034)	(30 034)
Correction of an error	(34 857)	(34 857)
Correction of an error- Depreciation	4 822	4 822
Other movements	-	-
as at 30 June 2013	40 753	40 753
Cost	78 056	78 056
Acquisitions	23 912	23 912
Accumulated amortisation and impairment losses	(31 180)	(31 180)
Correction of an error	-30 034	-30 034

9.2 Reconciliation of carrying value

	Computer Software R	Total R
as at 1 July 2011	52 778	52 778
Cost	56 145	56 145
Accumulated amortisation and impairment losses	(3 367)	(3 367)
Acquisitions	24 582	24 582
Amortisation	(7 024)	(7 024)
Carrying value of Transfers	(2 402)	(2 402)
Cost	(2 671)	(2 671)
Accumulated amortisation	269	269
as at 30 June 2012	67 934	67 934
Cost	78 056	78 056
Accumulated amortisation and impairment losses	(10 122)	(10 122)

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R
10 INVESTMENT PROPERTY CARRIED AT COST		
10.1 Reconciliation of carrying value	Investment property - Property R	Total R
as at 1 July 2012	2 530 908	2 530 908
Cost	2 768 537	2 768 537
Correction of error	(17 294)	(17 294)
Accumulated depreciation and impairment losses	(220 335)	(220 335)
Depreciation	(40 829)	(40 829)
as at 30 June 2013	2 490 079	2 490 079
Cost	2 742 760	2 742 760
Accumulated depreciation and impairment losses	(252 681)	(252 681)
10.2 Reconciliation of carrying value	Investment property R	Total R
as at 1 July 2011	2 589 626	2 589 626
Cost	2 768 537	2 768 537
Accumulated depreciation and impairment losses	(178 911)	(178 911)
as at 30 June 2012	2 548 202	2 548 202
Cost	2 768 537	2 768 537
Accumulated depreciation and impairment losses	(220 335)	(220 335)

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

11 HERITAGE ASSETS

11.1 Reconciliation of Carrying Value	Historical Buildings R	Total R
as at 1 July 2012	589	589
Cost/Valuation	589	589
Accumulated depreciation and impairment losses	-	-
as at 30 June 2013	589	589
Cost/Valuation	589	589
Accumulated depreciation and impairment losses	-	-

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

11.2 Reconciliation of Carrying Value	Trees in plantation R	Total R
as at 1 July 2011	589	589
Cost/Valuation	589	589
as at 30 June 2012	589	589
Cost/Valuation	589	589
Accumulated depreciation and impairment losses	-	-

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2013 R	2012 R
12 NON-CURRENT ASSETS HELD FOR SALE		
Property, plant and equipment	-	286,164
Investment property	-	-
Other assets	-	-
	<u>-</u>	<u>286,164</u>
13 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		
Trade creditors	2,368,176	1,689,304
Payments received in advance	130,005	250,242
Retentions	-	-
Staff leave accrual	-	-
Accrued interest	-	660,693
Other creditors	-	-46,405
less: Transfer to Non Current Liabilities held for sale	-	-
Total creditors	<u>2,498,181</u>	<u>2,553,834</u>
14 CONSUMER DEPOSITS		
Electricity	676,070	493,770
Other	326,170	305,450
Accrued interest	-	-
Total consumer deposits	<u>1,002,240</u>	<u>799,220</u>
15 PROVISIONS		
Provision for leave	379,446	385,799
Other Provisions	-	-
Total Provisions	<u>379,446</u>	<u>385,799</u>

A provision for leave days accumulated by employees has been created, as there is uncertainty as to when these will be paid out to employees on their resignation for leave days accumulated. This provision is a projection for the next 12 months.

The movement in current provisions are reconciled as follows: -

	Performance Bonus	Provision for leave
as at 1 July 2012		385,799
Contributions to provision		1,331
Expenditure incurred	-	(7,684)
as at 30 June 2013	<u>-</u>	<u>379,446</u>
as at 1 July 2011	-	413,340
Contributions to provision	-	124,530
Expenditure incurred	-	(152,071)
as at 30 June 2012	<u>-</u>	<u>385,799</u>

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R	2012 R
16 UNSPENT CONDITIONAL GRANTS AND RECEIPTS			
16.1 Unspent Conditional Grants from other spheres of Government			
Electrification		5,263,099	10,694,928
Market Stalls		2,174,863	3,998,931
Library			42,693
Sport		28,999	63,664
Capacity			49,402
Municipal Infrastructure Grant		4,035,324	-
EPWP		139,247	
Small town rehabilitation		1,884,920	
Total Unspent Conditional Grants and Receipts		13,526,452	14,849,618
17 NON-CURRENT PROVISIONS			
Provision for rehabilitation of landfill sites		3,449,040	931,920
Total Non-Current Provisions		3,449,040	931,920
The movement in the non-current provision is reconciled as follows: -			
Provision for rehabilitation of landfill sites:			
Balance at the beginning of year		931,920	-
Contributions to provision		2,517,120	931,920
Expenditure incurred		-	-
Increase in provision due to discounting		-	-
Transfer to current provisions		-	-
Balance at the end of year		3,449,040	931,920
18 PROPERTY RATES			
<u>Actual</u>			
Residential		2,125,585	1,831,794
Commercial		2,834,113	2,442,392
Light Industries		1,062,792	915,897
Heavy Industries		360,570	305,298
State		708,528	610,598
Total property rates		7,085,283	6,105,979
Property rates - penalties imposed and collection charges		336,508	544,880
Total		7,421,791	6,650,659
<u>Valuations</u>			
Residential		190,557,700	190,557,700
Commercial		142,180,000	142,180,000
Farm		251,001,000	251,001,000
State		96,939,400	96,939,400
Municipal		9,719,800	9,719,800
Other properties		1,132,872,100	1,132,872,100
Total Property Valuations		1,823,270,000	1,823,270,000
Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2010. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations.			
A general rate of 1.24C/R is applied to property valuations to determine assessment rates. Rebates of 20% are granted to residential and state property owners. Rates are levied on an annual basis on property owners.			
19 SERVICE CHARGES			
Sale of electricity		16,695,846	13,469,289
Refuse removal		1,078,989	943,542
Total Service Charges		17,774,835	14,412,831
20 RENTAL OF FACILITIES AND EQUIPMENT			
Rental of facilities		471,642	457,265
Rental of equipment		-	-
Other rentals		26,514	-
Total rentals		498,156	457,265

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R	2012 R
21 INTEREST EARNED - EXTERNAL INVESTMENTS			
Bank		3,409,693	2,762,931
Total interest		3,409,693	2,762,931
22 GOVERNMENT GRANTS AND SUBSIDIES			
Equitable Share		25,107,000	22,096,000
Financa Management Grant		1,500,000	1,465,334
Municipal Systems Improvement Grant		800,000	920,227
Electrification/ INEP		11,431,829	1,619,364
Municipal Infrastructre Grant		9,017,676	12,426,560
Market Stalls		3,213,704	1,069
Small Town Rehabilitation		10,715,080	10,000,000
EPWP		860,753	-
DISCB		-	258,409
Management Assistance Programme		-	50,979
MHP		-	26,217
REDS		-	11,886
Aloe Production		-	35,339
Library		393,493	329,455
Sport		-	417,850
Capacity		34,665	39,724
Public Transport: Uthungulu		207,385	-
Equitable Share: Uthungulu		49,402	-
Clinic		29,561	882,452
Less: Transferred to discontinued operations			(882,452)
Total Government Grant and Subsidies		63,360,549	49,698,413
23.1 Equitable Share			
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		25,107,000	22,096,000
23.2 MIG Grant			
Balance unspent at beginning of year		-	1,665,560
Current year receipts		13,055,000	
Conditions met - transferred to revenue		9,017,676	1,665,560
Conditions still to be met - remain liabilities		4,037,324	-
23.3 INEP Grant			
Balance unspent at beginning of year		10,694,928	10,694,928
Current year receipts		6,000,000	
Conditions met - transferred to revenue		(736,901)	
Conditions still to be met - remain liabilities		5,263,099	10,694,928
23.4 Other Government Grants and Subsidies			
Balance unspent at beginning of year		4,154,690	4,267,391
Current year receipts		18,916,451	49,698,413
Conditions met - transferred to revenue		(18,845,113)	(39,115,852)
Conditions still to be met - remain liabilities		4,226,028	14,849,618
24 OTHER INCOME			
24.1 Other Income			
Other income		427,866	1,056,986
Recovery of unauthorised, irregular, fruitless and wasteful expenditure		-	-
Total Other Income		427,866	1,056,986
24.2 Reconciliation of conditional contributions			
Balance unspent at beginning of year		14,849,618	4,267,391
Current year receipts		63,360,549	49,698,413
Conditions met - transferred to revenue		64,683,715	(39,116,186)
Conditions still to be met - remain liabilities		13,526,452	14,849,618

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R	2012 R
25 EMPLOYEE RELATED COSTS			
Employee related costs - Salaries and Wages		12,952,284	12,168,992
Employee related costs - Contributions for UIF, pensions and medical aids		1,863,377	1,634,697
Travel, motor car, accommodation, subsistence and other allowances		166,272	110,550
Housing benefits and allowances		-	-
Overtime payments		-	-
Performance and other bonuses		274,254	258,535
Long-service awards		31,954	-
Other employee related costs		-	608,127
Post retirement medical benefits		(180,419)	-
Employee Related Costs		15,107,723	14,780,901
Less: transferred to discontinued operations		-	(835,475)
		15,107,723	13,945,426
There were no advances to employees			
Remuneration of the Municipal Manager			
Annual Remuneration		633,125	614,338
Performance- and other bonuses		98,150	92,525
Travel, motor car, accommodation, subsistence and other allowances		113,520	80,040
Contributions to UIF, Medical and Pension Funds		11,834	-
Total		856,629	786,903
Remuneration of the Chief Finance Officer			
Annual Remuneration		452,186	520,933
Performance- and other bonuses		88,052	83,005
Travel, motor car, accommodation, subsistence and other allowances		106,000	102,000
Contributions to UIF, Medical and Pension Funds		8,201	-
Total		654,439	705,938
Remuneration of Individual Executive Directors			
			Corporate and Community Services R
2013			
Annual Remuneration			463,186
Performance- and other bonuses			88,052
Travel, motor car, accommodation, subsistence and other allowances			95,000
Contributions to UIF, Medical and Pension Funds			8,987
Total			655,225
			Corporate and Community Services R
2012			
Annual Remuneration			526,933
Performance- and other bonuses			83,005
Travel, motor car, accommodation, subsistence and other allowances			96,000
Contributions to UIF, Medical and Pension Funds			-
Total			705,938
26 REMUNERATION OF COUNCILLORS			
Mayor		310,737	218,319
Deputy Mayor		261,686	177,797
Speaker		261,686	177,801
Executive Committee Members		243,830	154,360
Councillors		1,091,265	903,982
Councillors' pension and medical aid contributions		266,192	918,560
MPAC Chairperson		231,001	-
Councillors' allowances		-	-
Total Councillors' Remuneration		2,666,396	2,550,819

In-kind Benefits

The Mayor, Deputy Mayor, Speaker and Committee Members are part-time. They are provided with an office and secretarial support at the cost of the Council.

The Mayor has use of the Council owned vehicle for official duties. The Mayor and the Speaker has 01 full-time bodyguard and 01 driver respectively.

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R	2012 R
27 DEPRECIATION AND AMORTISATION EXPENSE			
Property, plant and equipment		(3,173,618)	(2,504,914)
Intangible assets		(21,058)	(7,024)
Investment property carried at cost		(4,282)	-
Biological assets carried at cost		-	-
Total Depreciation and Amortisation		<u>(3,198,958)</u>	<u>(2,511,938)</u>
28 BULK PURCHASES			
Electricity		14,295,429	11,944,444
Total Bulk Purchases		<u>14,295,429</u>	<u>11,944,444</u>
29 CONTRACTED SERVICES			
Contracted services for:			
Rural Metro		1,465,452	765,694
Traffic Management Technology		1,738,890	-
		<u>3,204,341</u>	<u>765,694</u>
30 GENERAL EXPENSES			
Included in general expenses are the following:-			
Advertising		262,321	223,882
Admin fees		1,045,321	1,125,400
Audit fees		900,000	676,769
Bank charges		138,092	104,124
Bursaries		13,936	-
Cleaning		107,199	96,246
Conferences and travelling		567,138	349,482
Connection charges		-	-
Consulting fees		29,640	35,875
Contract labour		810,693	710,424
Cultural / Sports activities		240,135	191,360
Debt collection commission		-	78,568
Departmental consumption		309,574	294,095
Disaster management		17,671	28,359
Financial management grant		1,500,000	1,450,000
Fuel and oil		491,845	458,876
Insurance		229,181	260,682
Legal expenses		29,828	50,899
Levies paid		2,802	3,571
Licence fees - vehicles		11,300	-
Licence fees - computers		126,924	119,578
Membership fees		45,870	38,452
Parking		-	-
Postage and telephone		586,593	576,378
Printing and stationery		310,505	296,061
Professional fees		176,400	187,521
Rental of office equipment		14,781	12,547
Other rentals		30,096	28,796
Security costs		724,399	754,845
Skills development levies		781,449	796,281
Grant: Sport and recreation		11,432	272,464
Stocks and material		308,107	245,475
Subscription & publication		460,468	478,217
Training		329,060	179,166
Transport claims		61,056	54,875
Travel and subsistence		91,552	89,541
Uniforms & overalls		318,017	211,237
Valuation costs		187,053	237,458
Water and Sanitation		351,990	328,754
Other		8,644,574	317,018
		<u>20,267,001</u>	<u>11,363,275</u>
Less: Transferred to discontinued operations		-	(117,379)
		<u>20,267,001</u>	<u>11,245,896</u>

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R	2012 R
31 GAIN / (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		(257)	-
Total Gain / (Loss) on Sale of Assets		<u>(257)</u>	<u>-</u>

32 CASH GENERATED BY OPERATIONS

Surplus/(deficit) for the year	34,540,498	34,997,000
Adjustment for:-		
Depreciation and amortisation	3,198,958	2,553,362
(Gain) / loss on sale of assets	257	(892,982)
Contribution to retirement benefit obligation	(233,851)	559,184
Contribution to long service awards liability	10,609	48,943
Contribution to provisions - current		
Investment income	(3,409,693)	(2,762,931)
Finance costs	-	-
Fair value adjustments	-	-
Impairment loss / (reversal of impairment loss)	-	-
Other non-cash item		
Operating surplus before working capital changes:	<u>34,106,777</u>	<u>34,502,576</u>
(Increase)/decrease in inventories	(156,601)	22,671
(Increase)/decrease in trade receivables	(953,297)	(270,833)
(Increase)/decrease in other receivables	(980,975)	(372,830)
(Increase)/decrease in VAT receivable	-	-
Increase/(decrease) in conditional grants and receipts	13,662,136	10,582,227
Increase/(decrease) in trade payables	(55,653)	891,613
Increase/(decrease) in consumer deposits	203,020	-
Increase/(decrease) in VAT payable		
Increase/ (decrease) in long term liabilities	-	(60,337)
Increase/ (decrease) in provisions	(6,353)	904,379
Cash generated by/(utilised in) operations	<u>45,819,054</u>	<u>46,199,466</u>

33 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following

Bank balances and cash	721	16,062,924
Call investment deposits	67,040,000	45,040,000
Net cash and cash equivalents (net of bank overdrafts)	<u>67,040,721</u>	<u>61,102,924</u>

UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL
34 EXPENDITURE DISALLOWED

34.1 Unauthorised expenditure

Reconciliation of unauthorised expenditure

Opening balance	-	1,144,130
Unauthorised expenditure current year	638,890	1,237,588
Approved by Council or condoned	-	(2,381,718)
Transfer to receivables for recovery		
Unauthorised expenditure awaiting authorisation	<u>638,890</u>	<u>-</u>

34.2 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance	-	-
Irregular expenditure incurred during the year	24,822,826	-
Transfer to receivables for recovery - not condoned	-	-
Irregular expenditure awaiting condonement	<u>24,822,826</u>	<u>-</u>

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE			
35 MANAGEMENT ACT			
35.1 Contributions to organised local government			
Opening balance		-	-
Council subscriptions		400,000	30,882
Amount paid - current		(400,000)	(30,882)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		-	-
35.2 Audit fees			
Opening balance		-	-
Current year audit fee		900,000	676,769
Amount paid - current year		(854,567)	(676,769)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		45,433	-
35.3 PAYE and UIF			
Opening balance		-	-
Current year payroll deductions		2,587,495	2,306,720
Amount paid - current year		(2,587,495)	(2,306,720)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		-	-
35.4 Pension and Medical Aid Deductions			
Opening balance		-	-
Current year payroll deductions and Council Contributions		3,291,039	2,859,002
Amount paid - current year		(3,291,039)	(2,859,002)
Amount paid - previous years		-	-
Balance unpaid (included in payables)		-	-
35.5 Councillor's arrear consumer accounts			
The following Councillors had arrear accounts outstanding for more than 90 days as at:			
	TOTAL	Outstanding less than 90 days R	Outstanding more than 90 days R
as at 30 June 2013			
Speaker: Councillor Jiyane	16,974	2,589	14,385
Councillor Masikane	110	110	-
Total Councillor Arrear Consumer Accounts	17,084	2,699	14,385
as at 30 June 2012			
Speaker: Councillor Jiyane	13,380	-	13,380
Mayor: Councillor Ndiangamandla	4,437	-	4,437
Councillor Khuzwayo	123	-	123
Councillor Masikane	137	-	137
Total Councillor Arrear Consumer Accounts	18,077	-	18,077
During the year the following Councillors had arrear accounts outstanding for more than 90 days.			
		Highest Amount Outstanding R	Ageing Days
as at 30 June 2013			
Speaker: Councillor Jiyane		13,380	730 days
		1,005	365 days
as at 30 June 2012			
Speaker: Councillor Jiyane		13,380	365 days
Mayor: Councillor Ndiangamandla		4,437	120 days
35.5 Deviation from Supply Chain Management Processes			
The Municipality has deviated from SCM Processes, the deviations were sent quarterly to the Mayor. The total amount the Municipality incurred when procured these goods and services amounted to R 15 130 204.39			
The Municipality further has the following companies in its database, which the directors of these companies are in the employ of the State, only one supplier the municipality traded with.			

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013 R	2012 R
SUPPLIER NAME		2013	2012
Qiniseka construction		-	-
B I Sibiyi		-	-
Golden Rewards 94 cc		-	-
Bizee Corp 90		-	-
Mahlabathini Building supplies		41,780.00	-
Nwephelezi Comms solution		-	-
MMK engineers & Project Managers cc		-	-
Luanda and Andie Contractors		-	-
Hazel moon Trading 1 c		-	-
Ubuhlakane construction cc		-	-
Enuf Distributors		-	-
		<u>41,780.00</u>	

36 CAPITAL COMMITMENTS

36.1 Commitments in respect of capital expenditure

- Approved and contracted for

Infrastructure
Community
Heritage
Other

50,731,187	20,400,000
47,802,403	12,600,000
2,928,784	7,800,000

- Approved but not yet contracted for

Infrastructure
Community
Heritage
Other

5,564,000	48,035,000
5,564,000	42,055,000
-	3,000,000
-	2,980,000

Total

56,295,187	68,435,000
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This expenditure will be financed from:

- External Loans
- Government Grants
- Own resources
- District Council Grants

-	15,000,000
53,366,403	45,455,000
2,928,704	7,980,000
56,295,107	68,435,000

37 Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year
In the second to fifth year inclusive
After five years
Total

34,171	11,058
-	2,877
-	1,512
34,171	15,447

The future minimum lease payments receivable under operating leases for the actual receivables are as follows:

Not later than 1 year

316,000	233,751
316,000	233,751

Operating lease payments relate to lease of switch boards line.

Operating lease payments receivables relate to rentals for the commonage, vacant land

38 RETIREMENT BENEFIT INFORMATION

38.1 Defined contribution plan

The Municipality operates on an accredited medical aid scheme, namely key Health.

The Pensioners continue on the option they belong to on the day of their retirement.

The Independent valuer ZAQ consultants and Actuaries carried out actuarial valuation as at 30 June 2013.

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2013 R	2012 R
The Principal actuarial assumptions were as follows:		
Post-employment medical benefits		
The municipality operates on an accredited medical aid scheme, namely		
Discount rate per annum	7.75%	7.89%
Health care cost inflation rate	5.00%	6.14%
Benchmark inflation (equal to salary inflation)	7.00%	7.14%
Average retirement age	48.6	43.8
Portion of retired members who are married		
Active members	7	8
Mortality during employment		
Mortality post-retirement		
(No explicit assumption was made about additional mortality or health care costs due to AIDS.)		

The amount recognised in the Statement of Financial Position were determined as being the present value of the obligation:
Movement in the defined benefit obligation is as follows:

Balance at the beginning of the year	1,740,851	1,181,667
Current service cost	114,824	97,493
Interest cost	133,354	103,396
Benefit payments	-41,000	-17,031
Actuarial(gains)/losses	-441,029	375,328
Recognition of previously unrecognised defined benefit liability		
Balance at end of year	1,507,000	1,740,853

The amount recognised in the Statement of Financial Performance were as follows:

Current service cost	114,824	97,493
Interest cost	133,354	103,396
Benefit payments	-41,000	-17,031
Actuarial(gains)/losses	-441,029	375,328
Total, included in employee benefits expense (Note 16)	-233,851	559,186

Long service awards liability

The municipality has an obligation with respect to their employees in recognition of long periods of service.
Employees receive additional leave in respect of long service awards. The independent valuers, Alexander Forbes Financial Services (Pty) Ltd, carried out a actuarial valuation as at 30 June 2013.

The principal actuarial assumptions used were as follows:

Discount rate per annum	7.40%	7.75%
Inflation rate	5.66%	5.00%
Salary increase rate	6.66%	6.00%
Benchmark inflation(equal to salary inflation)	0.69%	1.65%
Average retirement age	63	63
Average future working lifetime of active members	16.85 years	16.85 years
Active members	90.00	85
Pre-retirement mortality rate		
(No explicit assumption was made about additional mortality or health care costs due to AIDS.)		
Percentage of in-service withdrawing before retirement:		

Age

	Withdrawal Rate Females	Withdrawal Rate Males
20-24	16%	24%
25-29	12%	18%
30-34	10%	15%
35-39	8%	10%
40-44	6%	6%
45-49	4%	4%
50-54	2%	2%
55+	0%	0%

RETIREMENT BENEFITS (Continued)

Long service awards liability

The amount recognised in the Statement of Financial Position were determined as being the present value of the obligation:
Movement in the defined benefit obligation is as follows:

Balance at the beginning of the year	781,606	793,000
Current service cost	118,878	119,000
Interest Cost	69,467	79,000
Benefit Payments	-8,560	-60,337
Actuarial(gains)/Losses	-156,391	-149,057
Recognition of previously unrecognised defined benefit liability		
Balance at the end of year	805,000	781,606

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2013 R	2012 R
Total Retirement benefit	2,312,000	2,522,459
Less: Transfer to non current liabilities held for sale		26,031
Defined benefit plan obligations	2,312,000	2,496,428
The amount recognised in the Statement of Financial Performance were as follows		
Current Service cost	104,000	119,000
Interest Rate	63,000	79,000
Actuarial (gains)/losses	-156,391	-149,057
	10,609	48,943

39 ANALYSIS OF THE RESULT OF DISCONTINUED OPERATIONS

Clinic services	29,561	882,452
Income : Government grants and subsidies	-16,243	-835,475
Expenditure: employee related costs	-	-2,748
Repairs and maintenance	-	-117,379
General expenses	13,318	-73,150
Net (deficit)/surplus from discontinued operations	13,318	-73,150
Non current assets	-	52,123
Property plant and equipment	-	231,639
Other debtors	-	2,402
Intangible assets	-	286,164
Non currently liabilities	-	26,031
Retired Benefits	-	46,405
Trade creditors: leave and pro rata bonus clinic staff	-	72,436

40 ELECTRICITY DISTRIBUTION LOSSES

Units lost (kilowatts)	1,545,132	1,835,127
Units lost (sales price per kilowatts-rands)	1,514,229	1,768,282
Units lost (purchase price per kilowatt)	525,345	608,378
Units lost percentage	9.45%	10.55%
Although units per kilowatts were lost in distribution, the electricity service experienced a surplus of:	1,704,764	1,524,845

41 RELATED PARTIES

The municipality did not have any related parties, or related party transactions for the years ended 2013 and 2012
Members of key management

42 EVENTS AFTER THE REPORTING DATE

The department of Corporative Governance and Traditional Affairs offset unspent conditional grant (iNEP) to an amount of R10 695 000 on the 5th of July 2013 against equitable share allocation

43 RISK MANAGEMENT

43.1 Maximum credit risk exposure

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Mthonjaneni Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Investments
Cash and cash equivalents
Trade and other receivables

Note	2013 R	2012 R
	67,040,000	45,040,000
	721	16,062,924
	7,838,143	5,903,872
	<u>74,878,864</u>	<u>67,006,796</u>

43.2 Liquidity risk

Liquidity risk refers to the ability of an entity to meet its obligations associated with financial liabilities. The municipality's liquidity risk pertains to whether funds are available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit obligations.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position to the contractual maturity date.

44 CORRECTION OF ERROR

During the year ended 30 June 2012 and previous years, PPE and other assets were incorrectly recognised: -

The comparative amount has been restated as follows:

Depreciation	-4,133,948
Net effect on surplus/(deficit) for the year	<u>-4,133,948</u>
Depreciation	
Net effect on surplus/(deficit) for the year	<u>-</u>
PPE	5,210,968
VAT receivable not previously recognised	
Non current receivables incorrectly recognised (Investing Act)	
Accruals were understated due to lack of year-end accrual	
Staff leave accrual	
Net effect on Statement of Financial Position	<u>5,210,968 -</u>
Net effect on Accumulated surplus opening balance	<u>-1,077,020 -</u>

45 CHANGE IN ESTIMATE

The useful life of certain Property plant and equipment was estimated to be 4, 5, 7, and 10 years. In the current period management have revised their estimate to 6, 8, and 12 years. The effect of this revision has decreased the depreciation charges for the current year by R 20 326.24 and future periods by R 25 696.16.

APPENDIX A

Grant Performance							R
Description	Year:		Year: 2012/2013			Year: 2012/2013 Variance	
	2011/2012		Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
Operating Transfers and Grants	Actual						
National Government:	38 527 485		55 462 000	55 462 000	48 717 676	-83%	-83%
Equitable Share	22 096 000		25 107 000	25 107 000	25 107 000	0%	0%
MSIG	920 227		800 000	800 000	800 231	0.03%	0.03%
FMG	1 465 334		1 500 000	1 500 000	1 500 187	0.01%	0.01%
Electrification	1 619 364		14 000 000	14 000 000	11 431 829	-22.47%	-22.47%
MIG	12 426 560		13 055 000	13 055 000	9 017 676	-44.77%	-44.77%
EPWP			1 000 000	1 000 000	860 753	-16.18%	-16.18%
Provincial Government:	12 013 656		12 170 000	12 204 665	13 876 461	143%	143%
Small Town Rehabilitation	10 000 000		10 000 000	10 000 000	9 224 580	-8.41%	-8.41%
Ndundulu/Sondela			1 800 000	1 800 000	4 268 616	57.83%	57.83%
MIIP	26 217						
REDS	11 886						
ALOE PRODUCTION	35 339						
DISCB	258 409						
CLINIC	882 452						
MAP	50 979						
Library	329 455		370 000	370 000	348 600	-6.14%	-6.14%
Market Stalls	1 069						
Sport	417 850		0	34 665	34 665	100%	100%
Other Transfers/grants							
District Municipality:	39 724	0	51 451	51 451	49 584	100%	100%
Uthungulu		0	51 451	51 451	49 584	100%	100%
Capacity	39 724						
Other grant providers:							
Total Operating Transfers and Grants	50 580 865	67 632 000	67 718 116	67 718 116	62 643 721	160%	160%

Mthorjanani Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

31st June 2013																
	Cost / Revaluation					Accumulated Depreciation							Other movements	Carrying Value		
	Opening Balance	Correction of an error	Additions	Transfers	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Correction of error-depreciation	Disposals	Impairment loss/Reversal of impairment loss			Closing Balance	Transfers
	R		R		R	R	R	R	R	R	R	R	R	R	R	R
Land	2,339,215	222,796	-	-	-	-	2,562,011	-	-	-	-	-	-	-	-	2,562,011
Land	2,339,215	222,796	-	-	-	-	2,562,011	-	-	-	-	-	-	-	-	2,562,011
Buildings	25,913,502	(78,255)	1,373,736	-	-	-	27,208,984	(5,902,278)	(687,864)	37,293	-	-	(6,752,849)	-	-	20,456,134
Infrastructure																
Roads	18,644,920	(631,462)	61,685	-	-	-	18,075,143	(1,091,955)	(434,401)	124,528	-	-	(1,401,828)	-	-	16,673,315
Solid Waste Disposal	143,630	-	-	-	-	-	143,630	(25,653)	(2,673)	-	-	-	(28,726)	-	-	114,904
Electricity	8,365,511	(177,185)	180,505	-	-	-	8,368,831	(3,265,032)	(167,592)	102,506	-	-	(3,360,118)	-	-	5,008,713
Under construction	39,652,082	-	-	-	-	28,266,608	67,920,690	-	-	-	-	-	-	-	-	67,920,690
	66,805,143	(808,647)	242,190	-	-	28,266,608	94,598,294	(4,382,840)	(634,865)	227,034	-	-	(4,790,671)	-	-	89,717,623
BIOLOGICAL ASSETS																
Biological or cultivated assets	5,136,310	-	-	-	-	-	5,136,310	-	-	-	-	-	-	-	-	5,136,310
	5,136,310	-	-	-	-	-	5,136,310	-	-	-	-	-	-	-	-	5,136,310
Community Assets																
Cemeteries	945,749	-	-	-	-	-	945,749	(362,635)	(59,373)	-	-	-	(422,008)	-	-	523,741
	945,749	-	-	-	-	-	945,749	(362,635)	(59,373)	-	-	-	(422,008)	-	-	523,741
Total carried forward	101,140,919	(664,106)	1,615,927	-	-	28,266,608	130,361,348	(10,647,753)	(1,582,102)	264,327	-	-	(11,955,528)	-	-	118,395,820

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation							Transfers	Other movements	Carrying Value R
	Opening Balance R	Correction of an error	Additions R	Transfer	Disposals R	Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	Correction of error-depreciation R	Disposals R	Impairment loss/Reversal of impairment loss R			
Total brought forward	101,140,919	(664,106)	1,815,927		-	28,288,608	130,361,348	(10,647,753)	(1,582,102)	284,327	-	-	(11,965,528)	-	118,395,820
Other Assets															
Machinery and Equipment	3,987,518	(1,711,193)	295,308	(412,981)			2,138,651	(2,601,047)	(265,025)	1,847,961	8,483	-	(1,009,628)	-	1,129,023
Furniture & Fixtures	1,589,151	(1,291,755)	524,566				821,962	(919,290)	(328,251)	760,287		-	(457,264)	-	364,708
Motor vehicles	3,725,033	(638,841)	1,139,619		(3,947)		4,221,863	(2,284,443)	(849,355)	776,835	3,690	-	(2,130,273)	-	2,091,591
Computer Equipment	837,148	(785,585)	653,119				724,682	(411,786)	(312,229)	448,194		-	(274,821)	-	449,861
Water	84,232	(78,855)					5,377	(6,434)	(109)	6,005		-	(537)	-	4,840
	10,203,081	(4,486,229)	2,612,611		(3,947)	-	7,912,535	(6,203,000)	(1,554,988)	3,873,281	12,173	-	(3,872,514)	-	4,040,021
Total	111,344,001	(5,150,335)	4,228,538		(3,947)	28,288,608	138,273,884	(16,850,753)	(3,137,070)	4,137,608	12,173	-	(15,838,042)	-	122,435,842

Mthorjanani Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation				Accumulated Depreciation						Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R
Land	3 574 272	64 943	(1 300 000)	-	2 339 215	-	-	-	-	-	-	-	2 339 215
Land	3 574 272	64 943	(1 300 000)	-	2 339 215	-	-	-	-	-	-	-	2 339 215
Buildings	21 695 660	-	3 358 182	-	25 044 042	(4 980 070)	(834 152)	-	-	(5 814 222)	-	-	19 229 820
Infrastructure													
Housing	869 460	-	-	-	869 460	(58 871)	(29 185)	-	-	(88 056)	-	-	781 404
Roads	11 642 166	-	8 602 734	-	16 644 920	(610 431)	(481 524)	-	-	(1 091 955)	-	-	17 552 965
Electricity	7 811 645	553 866	-	-	8 365 511	(3 075 129)	(189 903)	-	-	(3 265 032)	-	-	5 100 479
Electricity Peak Load Equip	145 630	-	-	-	143 630	(22 881)	(2 872)	-	-	(25 853)	-	-	117 777
Solid Waste Disposal	84 232	-	-	-	84 232	(4 750)	(1 695)	-	-	(6 435)	-	-	77 797
Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-	-	-	-
Storm Water	-	-	-	-	-	-	-	-	-	-	-	-	-
Under construction	26 754 590	23 111 782	(10 214 230)	-	39 652 082	-	-	-	-	-	-	-	39 652 082
Community Assets	47 505 683	23 885 643	-	-	67 759 635	(3 772 162)	(705 169)	-	-	(4 477 331)	-	-	63 282 304
Cemeteries	945 750	-	-	-	945 750	(303 282)	(59 373)	-	-	(362 655)	-	-	583 115
	945 750	-	-	-	945 750	(303 282)	(59 373)	-	-	(362 655)	-	-	583 115
Total carried forward	73 711 565	26 730 591	(1 300 000)	-	96 089 642	(9 055 494)	(1 589 664)	-	-	(10 654 188)	-	-	85 434 654

Witthonjanani Municipality
APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

as at 30 June 2012													
	Cost / Revaluation				Accumulated Depreciation								
	Opening Balance R	Additions R	Disposals R	Under Construction R	Closing Balance R	Opening Balance R	Depreciation R	Disposals R	Impairment loss/Reversal of impairment loss R	Closing Balance R	Transfers R	Other movements R	Carrying Value R
Total brought forward	73 711 565	23 730 581	(1 300 000)	-	96 086 842	(9 035 494)	(1 598 694)	-	-	(10 654 189)	-	-	85 434 654
Other Assets													
Machinery and Equipment	3 418 003	579 775	53 314	-	3 997 517	(2 372 913)	(284 251)	56 117	-	(2 601 047)	-	-	1 388 470
Furniture & Fittings	1 581 884	60 321	(73 134)	-	1 569 151	(762 038)	(208 529)	51 277	-	(919 290)	-	-	669 861
Biological Assets	5 136 310	-	-	-	5 136 310	-	-	-	-	-	-	-	5 136 310
Emergency Equipment	3 326 962	398 071	-	-	3 725 033	(1 954 454)	(309 989)	-	-	(2 284 443)	-	-	1 460 590
Motor vehicles	-	-	-	-	-	-	-	-	-	-	-	-	-
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	588 168	258 142	-	-	837 148	(314 887)	(103 451)	6 352	-	(411 796)	-	-	425 362
Computer Software (part of computer equipment)	-	-	(9 160)	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Finance Lease Assets	14 051 405	1 318 309	(165 869)	-	15 255 159	(5 404 092)	(608 220)	113 746	-	(6 186 586)	-	-	9 098 593
Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	87 763 970	25 046 900	(1 465 869)	-	111 344 001	(14 459 686)	(2 504 914)	113 746	-	(16 650 764)	-	-	94 493 247

APPENDIX C
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT
as at 30 June 2013

	Opening			Cost / Revaluation			Transfer	Closing			Accumulated Depreciation			Carrying value	
	R	Under	Additions	R	Disposals	correction of		R		R	Opening	Additions	Disposals	correction of	R
Corporate Services	849,990					-765,584.5		84,406			-95,250	-3,122,29.25			-323,074
Executive & Council	18,312,751					144,541		18,457,292			(3,012,278)	(887,864)			14,594,443
Finance & Admin	453,196					(638,841)		-185,645			(43,199)	(324,678)			(506,877)
Technical Services	39,652,082	28,268,608				(631,462)		67,289,228			(4,751,910)	(265,025)			63,801,201
Community & Social Services	17,069,376					(1,291,755)		15,364,640	(412,981)		(1,751,389)	(59,373)			13,553,878
Mayor	16,463							16,463			(1,463)	(878)			14,122
Municipal Manager	9,763		524,566					534,329			(4,767)	(328,251)			201,311
Library	17,869							17,869			(1,759)	(987)			16,123
Public Safety	3,345,044							3,345,044			(565,316)	(167,810)			2,836,007
Sport & Recreation	1,211,184							1,211,184			(52,004)	(27,541)			1,131,639
Waste Management	2,016,948		1,139,619			(3,947)		3,152,620			(286,466)	(2,873)			2,866,972
Electricity	20,688,004		180,505					20,868,509			(8,196,566)	(495,036)			16,480,059
Town Estate	7,701,331		2,383,848			(1,967,233)		8,117,946			(88,387)	(264,526)			7,771,038
Total	111,344,001	28,268,608	4,228,538		(3,947)	(5,150,335)	(412,981)	138,273,884		(16,850,754)	(3,137,070)	3,690	4,146,091	(15,838,042)	122,435,942

Mthonjaneni Municipality

APPENDIX D

SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2013

2012	2012		2013		2013	
	Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure	Surplus / (Deficit)
	R	R	R	R	R	R
2 000 000		4 738 779	(2 738 779)		11 369 212	(11 369 212)
39 263 490		8 423 104	30 840 386	53 997 769	7 646 344	46 351 425
882 452		955 602	(73 150)	29 561	16 243	13 318
6 975 154		12 717 764	(5 742 610)	638 325	20 672 512	(20 034 188)
4 355 226		4 114 941	240 285	-	-	-
1 443 543		2 334 963	(891 420)	1 082 859	1 972 963	(890 104)
13 376 560		641 684	12 734 876	14 274 147	5 354 569	8 919 579
15 100 538		14 473 126	627 412	28 127 675	16 577 995	11 549 681
		Other	-			
83 396 963		48 399 963	34 997 000	98 150 335	63 609 837	34 540 498
882 452		955 602	(73 150)	29 561	16 243	13 318
		Less: Discontinued Operations				
		Less: Inter-Department Charges				
82 514 511		47 444 361	35 070 150	98 120 774	63 626 080	34 527 180
		Total				